THE HONBLE. FRANCIS HINCKS'

VIEWS

ON THE

COMMERCIAL POLICY

OF

CANADA,

In 1846 and 1847, and in 1852.

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The opinions of the leading statesmen of a country at different periods of its political history are always a matter of importance, and therefore those of the Honorable Francis Hincks in the years 1846 and 1847, are now presented to the reader. At that period Mr. Hincks was Editor of the Montreal *Pilot*, and an influential Member of the Reform party. He was moreover a free trader in the fullest sense of that word—opposed to differential duties at once with Mr. Merritt and the now Inspector General on the question of Reciprocity, and clamorous in his demands for the free and unrestricted navigation of the St. Lawrence. Mr. Hincks has changed his views on all these questions, and it is important that the public should be put in possession of the reasons now given by himself for doing so. In order to arrive at this, it is necessary to go back to the explanations offered by the Honorable Mr. Young in the House of Assembly in September last, on his retirement from the Ministry. On that occasion Mr. Hincks explained his reasons for advocating a policy entirely opposed to the views he professed in 1846 and 1847. In giving these extracts, there is no desire to prejudice Mr. Hincks. There is

nothing strange in the fact that a statesman should modify his views in regard to a particular policy. It has been done by men of the highest reputation in other countries besides Canada. Circumstances may render such a change necessary and desirable. The main question is as to the necessity, and whether the reasons offered for the change, are such as ought to prevail. Were not Mr. Hincks's views of the commercial policy of the country in 1846 and 1847, more in accordance with the principles which ought to govern, than the views and measures of the minister in 1852? This is the really important question, and it is to give the public an opportunity of deciding for themselves, that these extracts have been strung together.

(*From Parliamentary Reports.*)

In the House of Assembly, on the 20th September last,

Mr. Young asked permission to make some explanations personal to himself, which being granted, he proceeded to say, that he begged to state to the House, that on Saturday evening last, he had tendered to His Excellency the Governor General, the resignation of his appointment as Executive Councillor, and of his office of Chief Commissioner of Public Works, and that the same had been accepted. He stated also that he had His Excellency the Governor General's gracious permission to make any explanations to the House as to the causes which had led to his resignation. Early in last October, when actively engaged in business, he was called upon by his Honorable friend, the Provincial Secretary, and very unexpectedly offered a seat in the Cabinet, then about being formed, as Chief Commissioner of Public Works. This offer he promptly declined, stating that the sacrifice to him was too great;—but, on its being mentioned, that he had always taken so deep an interest in public improvements, and had given much attention to public matters, and that an opportunity would be thus afforded him of better carrying out his views, he agreed to consider the matter, and having come to the conclusion that he might be of some service to the country, he concluded to accept the offer, after ascertaining who were the parties composing the Cabinet, whose views on general subjects being known to him, he was satisfied on finding that all were free and that no pledges, as he understood, were given. From that time up to the 13th inst. the utmost harmony prevailed in the Cabinet, on the various questions of policy submitted. At that time the future commercial policy of the country was discussed, and on Saturday last a memorandum embracing that policy was brought forward by the

Inspector General, which, having received the sanction of His Excellency the Governor General—he had at once tendered his resignation in the following terms:—

Quebec, 18th Sept., 1852.

Sir,—The memorandum of the Inspector General on the future commercial policy of the country, and the adoption of that policy by the Government, places me in the unavoidable position of considering how far I can, under the circumstances, retain my relation to the Governor General as one of his advisers. I understand that it is the intention of the Government to pursue towards the United States a retaliatory policy which is to be carried out —first, by charging a higher toll on American than on Canadian vessels and their cargoes, in passing through the Welland Canal; Secondly, by levying a higher rate of duties on sugar, molasses, salt, tea, cotton and woollen goods, and on iron, hardware, leather, glass and paper manufactures, than the same articles will be chargeable with, if imported by the Gulf of the St. Lawrence. This policy delays for an indefinite period, the making free the navigation of the St. Lawrence between Quebec and Montreal, to American vessels. It also involves the like delay in the commencement of the Canal to connect the St. Lawrence with Lake Champlain. By charging a higher rate of toll to American vessels and cargoes, the American trade will be forced from Oswego, and Ogdensburgh to Buffalo, and the Canal and Railroad connected with it. Whatever might be the advantages of reciprocity in trade with the United States, far greater advantages would result to Canadian Commerce, by opening the St. Lawrence, abolishing agricultural duties, arranging for a reciprocal trade with the British West Indies, and constructing a Canal to connect the St. Lawrence with Lake Champlain, than could result from any retaliatory policy against the United States. Such a retaliatory policy cannot fail to be understood by the American people, and the establishment of an aggressive commercial policy between the two countries, while it may be productive of other immediate and remote evils, will, in my opinion, be subversive of the vast increase of trade which would follow the policy I have recommended. I entered the Government as an avowed friend of Free Trade. My views have been the result of some years of action and reflection, and were well known to my colleagues on entering the Ministry. To abandon Free Trade in order to carry out a retaliatory policy, which I am satisfied will in the end be most injurious, is a sacrifice of principle I am not prepared to make, and a sacrifice which, had I supposed it would have been required from me, would, without hesitation, have prevented me become a member of the Government. Under these circumstances, I have the honor to request you to tender my resignation to His

Excellency the Governor General of my office as Executive Councillor, and also that of Chief Commissioner of Public Works.

I have the honor to be, Sir,

Your most obedient Servant,

JOHN YOUNG.

To the Hon. A. N. MORIN,
Provincial Secretary,
&c. &c. &c.

In addition to this letter, Mr. Young read a note of the acceptance of his resignation of the office of Executive Councillor and Chief Commissioner of Public Works. Mr. Young went on to say that, from this correspondence it would be seen that the Government had determined on adopting a retaliatory policy against the United States, in consequence of the United States not having granted reciprocity. He believed that the advantages to Canada of this measure of reciprocity were very much overrated, and as much misapprehension on the subject existed, he would state what were the whole exports of Canada in 1851. They consisted of

The produce of the Mines,.....	£ 15,093	15	0
do do Seas,.....	10,946	1	10
do do Forest,.....	320,845	15	11
do do Agriculture, say animals and their products,.....	141,471	12	9
do do Agriculture, say vegetable food,.....	477,807	12	7
do do Seeds, Tobacco, and Balsam,.....	8,947	0	9
do do Manufactures,.....	11,266	0	3
do do other articles,.....	32,088	4	2
Total Exports,	£1,017,886	3	3

These exports from Canada were of two kinds, first of goods, which are sold in bond in the United States, and do not pay any duty, and next of goods which do pay duty. Of the former were wheat and flour, which articles, in bond, sold as high in New York as American flour or wheat, of the same quality—this he proved by referring to the New York Prices Current of 1st, 5th, and 11th September, and stated that such was the invariable result, within a very few cents for extra charges in bonded warehouse. He could not see why it should be otherwise, both the United States and Canada had a surplus of wheat and flour. The price of this surplus in both countries is determined by the price at which it sells in the market to which it was sent, less the charge of transport, &c., and as there was no impediment in taking wheat in bond through the United States from Toronto,

more than there was from Oswego, he could not see why the same quality of flour and wheat should not sell in New York at the same price, both being ruled by value for export, nor why the price of the same quality of wheat in Toronto should not sell as high as in Oswego, *minus* the freight to Oswego. The value of flour and wheat exported in 1851 was £404,032 19s. 7d., leaving £603,853 3s. 8d., which probably paid duty in the States,—of this amount there was £320,845 15s. 11d. value of timber. Now the American people were obliged to buy our timber, they had not enough of their own, and whether they put 20, 30, or 50 per cent duty, the effect was not to diminish consumption, but to increase the price to themselves, and raise the value of pine land in the States. Suppose the price of 1000 feet of board in Canada to be $10, freight to Albany, $1, duty $2, the Americans had to pay $13 for what they could get at $11 but for the duty, and in either case the Canadian got the $10. As a general principle the consumer paid the duty, and he had no hesitation in saying that Canada had lost enormously, by delay, in her attempts to obtain reciprocity, when her true policy was, and is, to give up begging, and pursue a course dictated by her own interests, to open the St. Lawrence, free to all nations; abolish the useless agricultural duties; construct a canal to connect Lake Champlain with the St. Lawrence; arrange by Bill, for reciprocal trade with the British West Indies and Newfoundland; and encourage manufactures by admitting free of duty, all articles required in their production. This would be a Canadian policy—and should be pursued whether the Americans give us reciprocity or not. Instead of doing this, however, the Government propose to charge a higher rate of toll on American vessels and cargo, passing the Welland Canal, than will be charged to Canadian vessels, and on imports into Canada inland from the United States, they propose to levy a duty of 12½ per cent more on sugar, salt, and molasses, 7½ per cent on teas, and 5 per cent on cotton and woollen goods, and on leather, glass, paper, iron and hardware—this avowedly was a retaliatory policy against the United States for not granting reciprocity, the advantages of which measure are much exaggerated. Now the United States would scarcely feel the effects of this blow of the Inspector General—the parties who will feel it were the merchants of Ogdensburgh and Oswego, our best customers, to whose enterprise Canada is indebted for the present success of the Welland Canal. Again, a blow was to be struck at the United States by placing heavier taxes on imports inland, than by the river St. Lawrence; this tax would be paid by the consumer, and would not affect the producer, but would fall almost exclusively on the farmers of Upper Canada. What have they done to deserve this? The arrival of imports of the articles referred to, in 1851—were

				Proposed duty.
Mus. Sugars,	£60,637	18	7	12½ p ct.
Refined do,	8,585	11	8	12½ "
Tea,	237,490	15	10	7½ "
Salt,	21,879	7	2	12½ "
Molasses,	6,018	8	1	12½ "
Cotton Goods,	234,680	0	10	5 "
Leather,	39,927	7	10	5 "
Glass,	9,873	13	10	5 "
Paper,	12,077	12	1	5 "
	£631,170	6	5	

If the import of these articles continued to be as great this year as last, the tax paid by Upper Canada would be over £45,000 per annum, but admitting that much of the sugar, tea and salt, may come by the St. Lawrence, still there is a large amount of American manufactured goods which could not be obtained in England, goods that are particularly adapted to the country, which must be bought by the farmer in Canada, and on all such that could not be elsewhere obtained, it was evident that the proposed duty would act as a direct tax. The policy to be pursued was, to diminish our taxation not to increase it. It should be remembered that our public works here cost us £4,500,000, and that the annual interest which is paid on this debt amounts to £225,000, less about £60,000, collected, leaving a sum of £160,000 to be made up every year by duties on imports. He thought it was the duty of the government and of the House, to take measures to make these public works pay. The throwing open the St. Lawrence to the ships of all nations would give an enormous impulse to trade on the St. Lawrence. The western people, about 7 millions, would then have an equal interest in the developement of the St. Lawrence route as ourselves. The construction of the Champlain Canal would give us the cheapest and best route from the west to New York and New England and would in his opinion rapidly augment the revenues from our canals, and gradually reduce duties on imports.

Mr. Young here read a long extract from a speech of Sir Robert Peel, in which we understood him to contend, that it was the true policy not to pursue retaliatory measures and not "to punish other countries for the wrong they do us in continuing high duties, upon the importation of our products." He stated that these views may not prevail with the House nor in the country, but the time was not distant when they would prevail. The step he had taken had been done under a sense of duty to the country at large. He felt the deepest possible interest in the progress of the country. He knew its resources and its capabilities and it was because he thought a most fatal blow was about to be struck at its best interests, that he had resigned.

Mr. HINCKS, though not ready to make any objection to the statement thus made, would offer a few remarks on the policy of the government.—His hon. friend had stated that the advantages of reciprocity had been overrated, and he thought it best to give up the attempt to obtain it. Now the difference between them seemed to him to consist exactly of the relative value which they respectively attached to reciprocity. For his own part he attached the greatest importance to reciprocity as respected Upper Canada, and as to what the hon. member said about prices, he was not prepared to admit that the prices of wheat were equal on the two sides of the lines. A friend had just put into his hands a statement, by which it appeared that while wheat was sold at 77 cents on one side of the line, it was sold at 91 cents on the other. But wheat and flour were not the only exports from Canada to the United States. There is the value of £100,000 either of animals or the produce of animals, the entire duty on which appeared to him to come from the pockets of the Canadian exporter. His reason for this belief was that, in a large consuming population like that of the States, the imports from Canada were not large enough to affect prices at all. Last year Canadian exporters paid to the Americans $300,000 on articles that were exported to the United States. He admitted that generally the duty on flour would not be greatly against the Canadian exporter; but under the present system of duties in England, it must be remembered that sometimes the United States became the best market, and that then the Canadian exporter had to pay the duty. Canadian flour was of very superior quality, like Genesee, and it would be a great thing to obtain for it a free access to the American market. Then, believing reciprocity to be thus advantageous, the next question was whether the proposed course was likely to obtain it. On free trade his views agreed with those of the hon. Member from Montreal; but he dissented altogether from the views of Sir Robert Peel as respected reciprocity. He believed that had Sir R. Peel taken the slightest trouble—had he written one despatch to the ambassador at Washington, he would have obtained all we wanted. He believed, too, that if at the present day we were to go back to the time when we removed the differential duties not one man would be in favor of that course. Now, he merely wanted to retrace our steps, and to put ourselves in a position to treat. To prove that the taxation of the people could not be increased by the policy the Government was now recommending, he would remark that it was proposed (as we understood) to take duties off sugar, molasses, &c., in such a manner as would give the St. Lawrence route an advantage in duties; but the fact was that these goods can be brought at present by the St. Lawrence as cheaply as by any other route. It must be recollected, too, that not merely the

Board of Trade of Montreal, but other Boards of Trade throughout the country had petitioned for this reduction of duties. The proposition (as we understood) was to reduce the present duties on sugar from 9s. and 12½ per cent. to 7s. and 12½ per cent by the United States, and 7s. only by the St. Lawrence; and to make tea 1d per lb and 5 per cent by the St. Lawrence, and 1d per lb. and 12½ per cent by the United States.—He thought this was carrying out what might properly be called a Canadian policy and he confessed he was a little astonished by one of the positions taken by the hon. member for Montreal in his letter of resignation, on that evening. He alluded to the reciprocity that gentleman spoke of establishing with the West Indies. Now what was the meaning of reciprocity with the West Indies? Why did they take our flour cheaper than the United States? Was this not in fact a policy, which the Government now only proposed to extend? If we were to take West Indian sugar at lower duties than American sugar that was not free trade. Nor was this policy opposed to the opening of a canal between the St. Lawrence and Lake Champlain.—At present there were several routes diverging from the St Lawrence. There was the St. Lawrence and Champlain Railroad; another road was about to be opened from Caughnawaga, and a third one from Montreal to Portland was nearly completed. Now, the trade through every one of these routes paid toll through the Welland and St. Lawrence Canals, and Montreal was thus at this moment competing with Ogdensburgh and Oswego, whose trade only paid the Welland tolls. Now, what was proposed was, that all vessels that go through the Welland Canal should pay both tolls. This would make a difference of 2¼d per barrel on flour. His hon. friend asserted that that would turn all the trade of the St. Lawrence to Buffalo. Now, he did not believe that the American forwarders would have to reduce their charges by that sum, and Canada would get more toll. The cost of carrying flour was made up of freight and tolls. The interest of the forwarders was, of course, to keep the freight at its maximum and the tolls at the minimum. He was not of opinion that this would destroy the trade, and he was prepared to run a great risk for a great object. Were he of opinion, indeed, that this was not an object of importance, he might hesitate. And now he would ask whether, if the canal from the St. Lawrence to Lake Champlain were built, whether it would not be an advantage to that canal to make all parties alike pay the tolls on the Welland. His hon. friend had spoken of his well known attachment to the doctrines of free trade; but he would reply to that, that for fully three years it had been known that he was in favour of adopting this policy, in order to put Canada in a position to negotiate, if, as at present it was said, she had nothing to give in exchange for what she

asked. The Americans entered our canals, though we were excluded from theirs, and we had no further favour to grant. He knew there would be a great deal of boasting and loud talking on the other side, about building another canal, but he had investigated the whole subject, and he was certain they could not do so. He was perfectly confident that his policy would be successful. He knew he incurred a deep responsibility. He knew his political reputation was staked on this amendment, but he only asked what all American statesmen always obtained, that unanimous support, which was too often wanting in Canada and England, as was shown in the latter country on the Fishery question. If his policy fail, his hon. friend should have all the triumph; but if successful, he should claim the credit for the government.

On the 28th October Mr. Young introduced into the House of Assembly the following series of resolutions respecting the Commercial Policy of the Country, embodying the views expressed by him in his explanations of the 20th September:

1. That the rapid advance of this Province in population and wealth, and the prosperity witnessed in all branches of industry, are highly satisfactory; that the Commercial policy pursued during the last few years has greatly contributed to that prosperity; and that it would be unwise to adopt any new policy, which, on the mere hope of securing a prospective advantage, would coerce a change in the present currents of Trade, and might be attended with serious mercantile embarrassment.

2. That the only true policy of Canada is to simplify the machinery of Government, and reduce the public expenditure as far as can be done with due regard to efficiency; to remove all restrictions on Trade and Commerce, not rendered necessary for revenue purposes; and to use the great natural capacities of our Country, as shall best advance our own interests—without regard to the policy of other Nations.

3. That it is highly expedient to place the internal water communication of the Province in the best possible condition, without unnecessary delay. That with this view, Ship Canals to connect the waters of the River St. Lawrence with Lake Champlain, and Lake Superior with Lake Huron, should be forthwith undertaken as Public Works; that the Navigation of the St. Lawrence below Quebec should be improved by the construction of Light Houses; and, that every other means should be taken to lower the price of freight on Canadian waters between the far West and the Atlantic.

4. That it is inexpedient to impose higher Tolls on Foreign Vessels passing through the Canals than are charged on Canadian Craft.

5. That it is highly inexpedient, and would be most unjust to the consumers of Canada, to impose heavier Customs duties on Foreign Merchandise imported inland, than when imported by the St. Lawrence.

6. That it is expedient that raw materials required for manufacturing purposes should be admitted into Canada free of Customs duties.

7. That it is desirable that the full control over the Navigation of the St. Lawrence and other internal waters of Canada, should be transferred from the Imperial Parliament to the Provincial Legislature.

8. That an humble Address be presented to His Excellency the Governor General, based on the first six Resolutions.

9. That an humble Address be presented to Her most Gracious Majesty, based on the seventh foregoing Resolution.

On this occasion Mr. Hincks, made some remarks, which are reported as follows in the journals of the day:

Mr. Hincks was as staunch an advocate of theoretical free trade as the hon. member; but his views had been changed by experience, and he was now convinced that to legislate irrespective of other nations was not a wise course. It was admitted, that if England had adopted another course in 1846, reciprocity might have been obtained from the U. States. He believed that a commercial treaty might be made even now; but not by conceding everything the Americans might desire. He complained that instead of all parties standing together in this country, as in the United States, industrious efforts were made in Upper Canada to intimate to the United States what they might do to counteract this policy. This was done principally westward of Belleville, by a parcel of small merchants, actuated by the most selfish motives, who did not want to have their relations with the United States disturbed. He did not, however, fear these people: they might do their worst. The greatest enemies of reciprocal free trade, were Canadians themselves. It had been frequently said by Canadian newspapers that we did not offer enough; but the fact was, we had last year imported more goods from the United States of those included in the lists of reciprocity, than we had exported to them. One thing must be admitted by the most ultra free trader, and that was, that it was an advantage to have our goods going into the United States. The only way to obtain this, was to get a sufficient number of people interested to get the question fairly taken up. The only time it was taken up, it fell through in the Senate, after an unanimous vote in the House. He thought the Senate had a majority in its favour; and it had been recommended by the President. Now, it was all very well to talk of retaliation; but he happened to know the effect produced on the American mind by the Imperial action on the fishery question, was most advantageous to this country, notwithstanding all that had been said at first about driving all our men of war back again. He did not know how any men with British or Canadian feeling, could see the position of our shipping at present without humiliation. Their vessels now passed through all our waters, and ours could not enter one of theirs. So that if the Saint Lawrence and Champlain canal were opened, things remaining as they are, American vessels would pass from Lake Superior to New York by this navigation, while Canadian vessels would be driven quite off the waters. He was willing to trade with the Americans on fair terms,—to give them even what was more than he thought reasonable; but he could see no reason why, with people who would make no concession to us, we should not try to get from them, on our canals, all the tolls we can.

He had never proposed to drive the trade to Buffalo; but he did propose to make it pay all the tolls he could. The hon. member, like the hon. member for Lincoln, seemed never to think of anything else but canals; but there were railroads in the present day, and it was worth while to think of the interests of railroads. Now, what was the position of Canadian Railroads? At present, goods passing over them paid higher tolls than those passing over the Ogdensburgh road. He wanted instead of that to make the latter pay as high tolls as the former. Unless you could do something like this you could never induce American statesmen to do anything, for they never could carry any measure unless they showed the people that they were going to get something in return for their concessions. The Oswego people believed they would be ruined by the adoption of this policy; but his answer to them was, go to your own government and influence it, and do justice to Canada. The hon. member for Montreal admitted that the route by the St. Lawrence was as cheap as by New York; but he said that the Montreal merchants would get all the difference between the duties by the two routes. He believed, on the contrary, that this matter would be regulated by the legitimate profits of trade. The hon. member, however, admitted on a former occasion that he did not value reciprocity. That was just where he differed from the hon. member. He did not want, for a political reason, the farmers of Canada to think themselves worse off than those in the United States.

Mr. Young stated that he had never said reciprocity was worthless; but that we had a much higher prize to gain than that. Twenty per cent, on all our exports, would not come to the amount of the tolls on the Welland Canal alone.

Mr. Hincks placed a high value on reciprocity, and if he showed, as he thought he had done, that this was so, then he asked what hope there was for reciprocity from the course his opponents had adopted? There was none. He asked too, whether there was any free trader in England, who pushed free trade to its legitimate extent? Were they not all inconsistent? Was not the hon. member for Montreal inconsistent in advocating the admission of raw materials duty free.

Mr. Young—you advocated it yourself.

Mr. Hincks—well, gentlemen were welcome to show whatever inconsistency they pleased in his opinions, that was not the question; but rather what was for the good of the country. He had, however, always vindicated the admission of raw materials duty free; but what he contended for, was that this policy was a protection to the manufacturer in this country over the manufacturer in the U. S., and this was inconsistent with Mr. Young's ideas of free trade. He considered reciprocity then, of the highest im-

portance; to get it you must interest American parties; while every departure from free trade principles was a sacrifice, you adopt to gain greater advantages; on this ground, to obtain a great object, he proposed the sacrifice now under consideration, and he asked what this great sacrifice was? On the chief article of consumption, sugar, he had showed on a preceding evening that the consumer must get it at less, because the whole duties would be reduced, and on the articles upon which greater duties were to be placed in coming though the United States they would be a mere bagatelle.

Mr. RIDOUT asked whether this policy was to be brought about this session.

Mr. HINCKS said yes.

COMPARE THESE VIEWS WITH THE

OPINIONS OF THE HON. FRANCIS HINCKS,

ON THE

COMMERCIAL POLICY OF THE COUNTRY,

IN 1846 AND 1847,

WHEN EDITOR OF THE "PILOT."

From the "Pilot" of 11th April, 1846.

"We have already stated that the time has gone by for discussing the question of Free Trade—as Mr. Elder has justly observed in his truly eloquent speech, "public opinion in Canada must follow the great fact of Free Trade." The real friends of the agricultural interest must turn their attention to the best means of compensating it for the loss of those advantages which it has hitherto had. The Montreal Free Traders have taken the bull fairly by the horns. They demand the repeal of Mr. Gladstone's Act imposing differential duties in favour of British manufactures, they demand the repeal of the navigation laws, and the removal of all restrictions upon commerce. The imperial duties are stated by Mr. Glass to be £104,555.

The measure likely to be of the greatest advantage, not only to Upper Canada, but to Lower Canada, and especially to the Cities of Montreal and Quebec, is the giving the Americans the free navigation of the St. Lawrence. Were such a wise measure adopted, we can have no doubt that the duties on our agricultural produce in the United States would be abandoned, and that we would have the advantage of the great Eastern markets of this Continent in addition to those of England—there would then be an inducement to the Americans to turn their attention to the St. Lawrence as a channel of communication, whereas at present they are all interested in directing the Western produce by other routes. Let the navigation of the St. Lawrence be free and we shall have cheap freight, and upon this our farmers must now chiefly rely.

There must be an end put to differential duties of all kinds; on teas, sugar, leather, spirits, &c., and such revenue duties imposed as the necessities of the country require. We believe that if the measures suggested were carried out, the agriculturists would benefit by them infinitely more than they can do by

the retention of the present duties on agricultural produce. But they have a right to expect that if Free Trade principles are to be carried out to their disadvantage, they shall also be carried out for their benefit, therefore, the Montreal Mercantile interest has been *selfish* in its demand, as we have had repeatedly occasion to remark. They have complained latterly of agricultural protection, but they have never remonstrated against that part of the protective system under which the agricultural interest suffered. The gentlemen of the Free Trade Association have moved forward, and have taken a position which we think they will be able to maintain. We are against any half measures at the present crisis. Without any action on our part the protective system has been abandoned by the Mother Country in so far as *her interests* are concerned—we have now to fight the battle to destroy that part of it under which *our interests* are injuriously affected. It would be desirable that all classes of our population could unite together in fighting this battle, and our farmers may rely on it that *they are now the parties who have most to gain by the extension of Free Trade.*"

21*st April*, 1846.

"With regard to the merits of the question itself, we agree with Mr. Baldwin, that in bringing it forward, the administration should have been prepared to announce what measures it proposed for the relief of the agriculturists who will be severe sufferers by the Free Trade policy which has been forced upon the country. We are not of the number of those who endeavour to delude the agriculturists by advocating a system of protection which, under existing circumstances, would be ruinous to the trade of the country, and which would injure the agricultural, as much as any other class of the population. We contend that in the extension of Free Trade principles alone can we look for relief. The measures for the benefit of the agriculturists are 1st, the admission of our products into the United States free of duty. 2nd. The abolition of all imperial duties. 3rd. The opening of our commerce to the whole world, and more especially making the navigation of the St. Lawrence free. These measures would, we conceive, be of immense advantage to the country, and would amply compensate us for any injury that we may sustain by the adoption of Free Trade principles in England.

We observe that some of our contemporaries are terribly alarmed at the idea of the Americans being granted the free navigation of the St. Lawrence. It would, they say, lead to "Annexation." We should like to hear some reasons for such a supposition. At present the Americans make use of the

Welland Canal, and may enter our upper lake ports at pleasure. If this has no tendency to annexation, we would like to know how sailing down the St. Lawrence would lead to such a result. The *Courier* appeals to the "loyal," and would frighten them from having any thing to do with the Yankees, and yet he admits that "Free Trade is a settled thing. We trust that the members of the Legislature will have good sense enough to see that the only means by which the trade of the United States can be preserved, is by making the navigation of the St. Lawrence free; by adopting such a policy, we may draw the produce of the West to Montreal and Quebec, otherwise it would go to New York through American channels. We shall keep this subject before our readers, but we must say, that there is a serious ground of complaint against the Ministry for their remissness in not bringing forward measures calculated to benefit the agriculturists of the country."

25th April, 1846.

"A meeting to denounce Free Trade has been held at Quebec. In so far as English Legislation is concerned, the parties will have no influence whatever. They are, however, determined to fight for *protection for themselves*, Differential duties in favour of goods imported by sea are recommended. The farmers, who are the principle *consumers*, will have to pay the piper. Strange as it may appear, the interests of the agriculturists have been wholly sacrificed by the Upper Canada Tory Members, over whom Mr. Moffatt exercises an unbounded influence. It is to be hoped that when the electors meet those gentlemen at the Hustings, they will bear in mind the votes on Mr. Cayley's resolutions."

2nd June, 1846.

"The United States Drawback Bill is likely to become law, and when Sir Robert Peel's new corn law shall be in operation, the Upper Canadians will have no obstruction whatever in sending their produce via New York. The American forwarders propose to deliver flour in Liverpool from any port on Lake Ontario at 4s. 6d., currency, per barrel. What then is to become of the trade of Montreal; what of the tolls on the St. Lawrence Canals? The Lower Canadian merchants are infatuated. How applicable is the ancient proverb, *Quem Deus vult perdere prius dementat*. It is now a question of life and death with Quebec and Montreal, and a few infatuated and ignorant men are found yelping about protection and differential duties, *when their sole chance* of existence depends on *immediate and vigorous efforts in favour of Free Trade*. It is questionable whether, with all our efforts, we can keep the Upper Canada trade, and if we lose it,

what will become of our commerce. There is no use in wilful blindness.

The repeal of the English corn duty, and the American drawback bill will place New York and Montreal on the same footing. Is it then possible to carry a barrel of flour from Toronto to Liverpool via Montreal and the St. Lawrence, or via the Portland Rail Road, as cheap as via New York? That is the question to be answered; and if not, and if the produce goes to New York, the supplies will come from the same place. We may complete our communications, take off all our tolls, on which Mr. Merritt so much relies, then open the St. Lawrence to the Americans, all these measures taken promptly, may retard the ruin of Montreal, but we doubt if it will do more. The day for protection and differential duties has gone by. The Upper Canada Merchants use the same language, no matter what their politics, and at the next election the yeomanry will call to a strict account the traitors who have advocated differential duties at their expense, in order to force trade by unnatural channels. For our own part, while we shall on all occasions protest against Lower Canada being plundered by Upper Canada, we shall equally resist the selfish projects of the Protectionists in Lower Canada, who would impose a heavy tax on Upper Canada for their own benefit. People should recollect that Free Trade is *a fact*, and instead of grumbling over that protection which we have so long enjoyed, we should boldly look our difficulties in the face, and adopt practical measures to remove them, if it be possible."

13th June, 1846.

NON-RECIPROCAL TRADE NOT INJURIOUS TO OUR INTERESTS.

Such is the heading of an article which appeared in a late number of the *Economist*, (Canadian,) and which we were only prevented from noticing at the time by other demands on our columns. The writer in the *Economist* notices the popular error that ruin must result from carrying on trade with a nation that will not buy from us. We have often had occasion, when connected with another journal, to express views similar to those which we find in the *Economist*, and we think it so important at the present moment, that these views should be pressed on the consideration of the public, that we shall offer no apology for copying largely from the very able article before us.

16th June, 1846.

"We shall set out by stating that our opinion has long been that the most equitable, and the most economical mode of raising whatever revenue is required for the public service, would

be a direct tax on property. To carry out these views, every Custom-house should be swept away with the numberless tribe of officers of all kinds. In this opinion it is probable that the *Economist* would concur with us. But every practical statesman must be aware that this is at present impossible. Believing then, that the time has not yet arrived for abolishing duties altogether, the question is, how is the tariff to be adjusted. Our difference with the Montreal merchants, and their various organs is simply to this extent. We are for a revenue duty, of course incidentally protective, on all commodities brought into the Provice, save and *except raw materials* of manufactures. It was upon this ground, and this alone that we defended the duties on agricultural produce."

27th June, 1846.

"The Courier says—

"The Free Trade notions advocated by these young men in the *Economist*, meet with no sympathy here, or in any other portion of Canada. Their whole object appears to be, to shake the confidence of merchants abroad, and to turn the trade out of its present channels, by endeavouring to persuade the Upper Canadians that they will do much better both to buy and ship in New York."

Now, what are the real facts? The object of the free traders, is to obtain for us the advantages of Free Trade, by way of compensating for the loss of protection. The free traders have never advocated the removal of protective duties in England. No petition ever emanated from them on such a subject—what then do these free traders aim at? Let the Canadian people understand—let their revilers meet them with argument if they are able.

They desire that the carrying trade of the St. Lawrence should be thrown open to the world, so that by lessening the cost of freight, the cities of Quebec and Montreal may be enabled to compete with New York for the trade of the West—they desire the abolition of imperial duties under which the Canadian consumer is taxed, as we have shown elsewhere in this number, £15 on every £100 of glass he uses, and nearly three farthings on every pound of sugar that he consumes, and in like proportion on nearly all imported articles. Such are some of the objects of the men who are reviled by the anonymous correspondent of the *Gazette* and by the *Courier*. If the majority of Montreal merchants are opposed to such views, then it only proves that they are grossly ignorant of the true interests of the country, and more especially of their own. It is highly probable that many, or even all of the free traders may think the people of England right in demanding the repeal of the corn laws, but it

is untrue that they they have ever demanded such a repeal as a measure for the advantage of Canada. On the contrary, they have only come forward when the success of the new scheme was beyond a doubt, to advocate measures calculated to save the Province from impending ruin. Such are the facts, and we defy any of the opponents of the Free Trade measures to combat them with argument. The sneer at "young men" is too contemptible to merit even a single remark.

9th July, 1846.

FREE TRADE.

"The other two, the *Pilot* and *Gazette*, we have always looked on as free traders, though neither of them have as yet made as comprehensive a confession of faith as we think it desirable they should make. We would rejoice if they boldly came forward and avowed those comprehensive principles which we have proclaimed as our commercial creed, and which we trust we shall, ere long, see sanctioned and adopted by our local Legislature, viz :—1st. The St. Lawrence made free to all nations. 2nd. The navigation laws repealed. 3rd. The abandonment of differential duties. 4th. The repeal of every duty on raw materials required for manufactory purposes. 5th. The relaxation, if not the entire repeal, of all duties imposed for the purpose of *protecting* domestic manufactures, from which it follows that we are opposed to all duties save and except those of a moderate rate imposed on articles imported for the single purpose of raising the necessary amount of revenue required by Government to carry on its various functions."—*Economist.*

We willingly respond to the appeal made to us by the organ of the Free Trade Association of this City, for a statement of our commercial creed. If we are to lose the advantages hitherto enjoyed in the English markets, and to be brought into competition with foreigners on equal terms, then, of course, it would be for the benefit of all Canadian interests that western produce should be forwarded by the St. Lawrence rather than by the Erie Canal. As the duties which we have on our first class (articles of food) are likely to be speedily settled without any reference to the opinions of Canadians regarding them, we need say no more on that subject. The 2nd class consists of the imperial duties, imposed for the protection of British interest. Now there should be *no second opinion* in Canada regarding their abolition. It is true that they operate as a protection to infant manufactures springing up around us, but it must be obvious that these manufactures are as likely to suffer as much from British as from foreign competition. The Toronto *Patriot* tries to frighten the people of Montreal on the subject of the abolition of these

duties. He surely forgets that Montreal contains a population of 50,000 consumers, who are compelled to pay heavy indirect taxes in the shape of these differential duties. If the cultivators of the soil in Lower as well as in Upper Canada are deprived of any protection they have hitherto enjoyed in disposing of their surplus products, they will now insist on being allowed to buy all that they require in the cheapest markets. Differential duties *must* be got rid of, and with them we class the navigation laws which fetter our commerce."

21st July, 1846.

We copy at length the Report of the Committee of the Free Trade Association of this City, and recommend it to the favourable consideration of the Canadian public. It is a document which will, no doubt, do much good, not only in this country, but in England. The objects sought for can be obtained if there is unanimity amongst ourselves. The misfortune is, that very few of the members from Upper Canada understand any thing about commercial matters, and they have shown an inclination to give subservient support to the Minister who is under the influence of Mr. Moffatt and other interested parties. Extract from Report of Free Trade Association, 17th July, 1846—

"But important to the future prosperity of this Province as this Council deems the abolition of discriminating duties to be, that question sinks into insignificance when compared with that of the opening of the navigation of the St. Lawrence to foreign nations. That river is obviously the most essential element of our power, and on the use we make of the natural advantages it affords, will mainly depend our future position as a commercial country. The natural outlet for the products of the Western States, a country but newly sprung into existence, and yet numbering already upwards of five millions of inhabitants; shall its full capabilities be made available? Shall we, possessing this great highway to the ocean, succumb without a struggle with our competitors in the race for commercial pre-eminence? It is true that railroads and canals are being constructed to branch out in every direction from the stream of the St. Lawrence, in order to direct that produce to the ports of the United States, which would otherwise be brought to our own ports for shipment. Nor is the rivalry of our competitors confined to the construction of their public works. In order to make them profitable, she modifies her fiscal system, so as to allow our articles of merchandise to pass through the territory free of duty, both from and to the Atlantic ocean. How are we to meet and counteract this interested but enlightened policy? Simply by adopting a similar course of action. We must in like manner remove every obstacle in the way, and hold out every possible

inducement to the inhabitants of the United States to pass their merchandise through our country. Instead of hermetically sealing to their ships, the outlet of the St. Lawrence, we must offer to them the Free navigation of its waters, only to such a moderate imposition in the shape of tolls, as will suffice for the annual expense of keeping the canals in repair, the payment of the interest of the money expended in their construction, and the appropriation for the sinking fund for the redemption of the debt incurred. The amount required to be raised annually for these purposes would amount to about £200,000, a moderate impost, and easily collected with an enlarged commerce along this route, as must be admitted, since the revenue derived from tolls on the Erie Canal is about £700,000 per annum.

12th September, 1846.

"There are, it would seem, parties in Canada who know that we have obtained the power to remove all differential duties, are desirous of influencing public opinion against any sweeping measure of repeal. They do not pretend that it would be for the interest of the Canadian people to maintain such duties, indeed such a position would be wholly untenable. But they tell us that we still enjoy a modicum of protection in the English market, and that so long as we do so, we should not be hasty in removing all the protective duties in favour of England. They would fain frighten particular Canadian interests on the subject of the protection which they yet enjoy, and which they would persuade them would be wholly removed if our Legislature should see fit to repeal the imperial duties. The passage of the Imperial Act must be taken as a formal declaration, *that England wishes no protection from the people of Canada.* It does seem incomprehensible to us, and we think it must seem so to all practical men of business, that we should construct a line of canals at an immense expense for facilitating the exportation of the Western produce, that we should allow American vessels to pass through the Welland Canal with their produce, but refuse to allow them to take it by the St. Lawrence Canals and the River and Gulf; in other words, that we should endeavour to force trade to the American ports at the expense of Montreal and Quebec."

22nd September, 1846.

"The *Star* assumes that American manufactures, if admitted on equal terms with those of England, would compete with them successfully. This may be doubted, but let us admit it to be true, who would be the gainers? The Canadian consumers—those farmers of whose interests the *Star* pretends to be such a devoted advocate. Nothing can be clearer than that it is their interest to buy in the cheapest markets, and England having felt

herself bound in honour and justice, to grant us the honor of doing so if we please. It is strange to find Canadian Journals throwing obstacles in the way. It would be easy to demonstrate that so far from the revenue being reduced by the proposed changes, it might be materially improved without injuring the consumer in the slightest degree. Let us illustrate this by reference to the leading articles of tea and sugar, both of which are subject to differential duties. Tea imported from the United States pays 2d. sterling duty, and by the river 1d. In 1845 the quantity imported by inland ports was 1,908,329 lbs.; at Quebec and Montreal 770,615 lbs. Now, if the latter had been subjected to the same duty as the former, very nearly £4000, currency, would have been added to the revenue without an increase in price to the consumers, because the price was regulated by that which paid the highest duty. Again, foreign Sugar pays a duty of 5s. and 7s. 6d. sterling—British muscovado and bastard 7s. 6d. only. If 12s. 6d. was charged on the whole, the latter would either be thrown out of consumption, or would have to compete on the same terms with the foreign article. In this case, as in that of tea, the great proportion of the sugars imported pays the high duty, while a smaller quantity is admitted at a lower rate, thus benefitting British sugar refiners, at the expense of our revenue or our consumers.

1st October, 1846.

"We copy below Sir Robert Peel's answer to the congratulatory address of the inhabitants of Elbing in Prussia. Sir Robert's brief and decisive rationale of "protection," as the "*sustaining of certain branches of trade at the expense of the public finances.*" His exposure of the wasteful absurdity of "*nations purchasing at a dear rate articles of an inferior value,*" when they might have superior articles at a cheap rate; his boldly avowed reliance on the eventual adoption by other countries of a policy which Great Britain is seen to have espoused without any "negociation or barter of reciprocal concessions," but simply because she finds it useful for her own purposes; his confident appeal to the financial responsibilities of statesmen, and the growing intelligence of nations, to overcome the resistance of "*isolated interests,*" and powerful parties in Legislative Assemblies."

29th October, 1846.

It is clear that the Cobourg *Star* has given no attention whatever to the subject of the imperial duties, and that he does not comprehend the views of the free traders. Their demand is, that goods coming from the United States and other foreign countries, whether of British or foreign manufacture, shall be admitted on the same terms as those coming from Great Britain or her possessions. All this is very simple, but the opponents

of Free Trade seem unable to comprehend it. The revenue and the public would be benefitted, not injured, by the repeal of the differential duties. The foregoing remarks will be a sufficient answer to what the Hamilton *Spectator* has said on the same subject. We can assure that journal that Mr. Hincks had no desire to conceal his sentiments on the subject from the people of Oxford. If the latter have received no explanations of his views whatever, "it is simply because he is incapable of expressing them more clearly."

3rd July, 1847.

Mr. Merritt's Resolution.—Mr. Merritt's "reciprocity" resolution was submitted to the House of Assembly, on Thursday evening, and is as follows :—

Resolved.—That, whereas the mutual interests of the agricultural population of Canada and the adjoining States of America, would be materially benefitted by establishing perfect reciprocity in the exchange of the respective countries, it is expedient that so much of the Acts 6th Vic., cap. 31, 8th Vic., cap. 3, and 9th Vic, cap. 1, as relates to duties on the articles named in schedule A attached hereto, be repealed; and that no duties shall be paid on provisions, grain, animals, vegetables, and minerals, being the natural productions of the United States respectively, not mentioned in said schedule, also raw materials hereinafter mentioned, that is to say, tar, pitch, resin, turpentine, and dye-woods, tallow, hides, skins, furs, cotton, wool, hops, flax, hemp, fish, oil. Provided always, that the Act to be passed for this purpose take effect after a proclamation of the Governor of this Province, announcing that the Legislature of the United States of America have repealed all duties upon such articles as aforesaid, imported into the United States from this Province, and not before."

"The resolution before us aims *at two totally distinct objects; one* to secure for Canadian producers the advantage of the American market, the *other* to obtain for Canadian consumers the remission of the existing duties on agricultural and other natural productions, which are, no doubt, very popular with a considerable portion of our population. Mr. Merritt bases his proposition on the principle of reciprocity, in which we have no faith whatever, but which we shall not discuss on the present occasion.

There is, we presume, very little difference of opinion on the subject of the admission of our products into the United States free of duty. One or two of the members, probably without much reflection, talked a little *bunkum* about sending the Western produce to Montreal, but the farmers must see that it is an object to them to have a choice of markets, and it is their interest

to send it to the highest; we think too, that it will be a consequence of Free Trade in England, that the manufacturing districts in the Eastern States will occasionally be a better market for our products than the Mother Country. Now, we really believe that Mr. Merritt's object is to obtain free admission for our products into the United States; it is an object of importance, and if we could be brought to believe that the repeal of our agricultural duties would, even in the slightest degree, promote that object, we should not hesitate one moment in supporting the resolution before us. But really it appears to us preposterous in the extreme to imagine, even for an instant, that the United States will be influenced in her commercial policy by the resolutions of the Canadian Legislature. We care not what letters Mr. Merritt may have received from the United States; there are free traders there as well as here, who will support every measure calculated to remove protective duties; but let it be borne in mind, that the United States can enter into no separate reciprocity treaty with Canada. No doubt Free Trade principles are progressing, and will continue to do so, and the United States may repeal, ere long, her present duties on food. But what we contend is, that no Act of ours will have the slightest influence upon that question, and we feel assured, that on mature consideration, no man of intelligence can have any doubt of the correctness of our opinion. The notion of declaring intentions as to what people will do at some future time, is one of Mr. Merritt's crotchets. For our own part, we are contented to deal with matters as we find them at present, and leave our children to adopt that which may seem to them best.

We now come to the second branch of Mr. Merritt's proposition—the admission of certain foreign products into our markets duty free. This is deemed by many a question of great importance, although we must candidly acknowledge that we are not of the number. If Mr. Merritt really believes that the duties in question are baneful to Canada, that they operate in depriving us of commerce, or are felt oppressive by any large portion of our community, then we say, let him come out boldly and demand their repeal. Why wait the action of the Americans before relieving our own people of a burthen? The idea is absurd. The duties on the various articles specified by Mr. Merritt produce a revenue of at least £25,000, and as that £25,000 must be raised, the effect of the change will be to throw it upon other articles of general consumption. We think there is much to say on both sides of the question; but with our views, and with a full knowledge of the absurd prejudices entertained by many, we would rather vote boldly for the *total repeal* of the agricultural duties than for Mr. Merritt's proposition. If the total repeal were

effected, we might be able to convince the farmer in a short time that he was no worse off than before ; but Mr. Merritt's resolution will be for the next ten years perhaps, a bugbear to frighten all the silly protectionists in the country. They will be made a clap-trap "cry" at the elections, and will be imagined often times of more importance than they really are. Our deliberate conviction is, that we should legislate *for ourselves*, and leave the Americans *to themselves*. They will neither take off, nor put on, duties to please us, nor with any reference to what we do. Let Mr. Merritt take the bull by the horns, and state plainly to the country what he means. Is he for the present agricultural duties or not ? To state our views on this subject would occupy more space than we can command at present, and it may not be necessary to resume the subject, although we have no desire to shrink from it. We want to say a few words on a question of infinitely more importance, and which seems sadly neglected in the House. Are we to have an address—an unanimous address, for the free navigation of our inland waters ? What are our Boards of Trade about ? Now is the time to be active. Bold measures may yet save them. They have great advantages in their position, if they only would realise them. We really could hardly have believed that at such a crisis, Ministers would have occupied their attention with such a trumpery point as that of making Montreal a free port. They must, however, be pushed on these really important questions, before which, Mr. Merritt's resolution on reciprocity sinks into utter insignificance.'

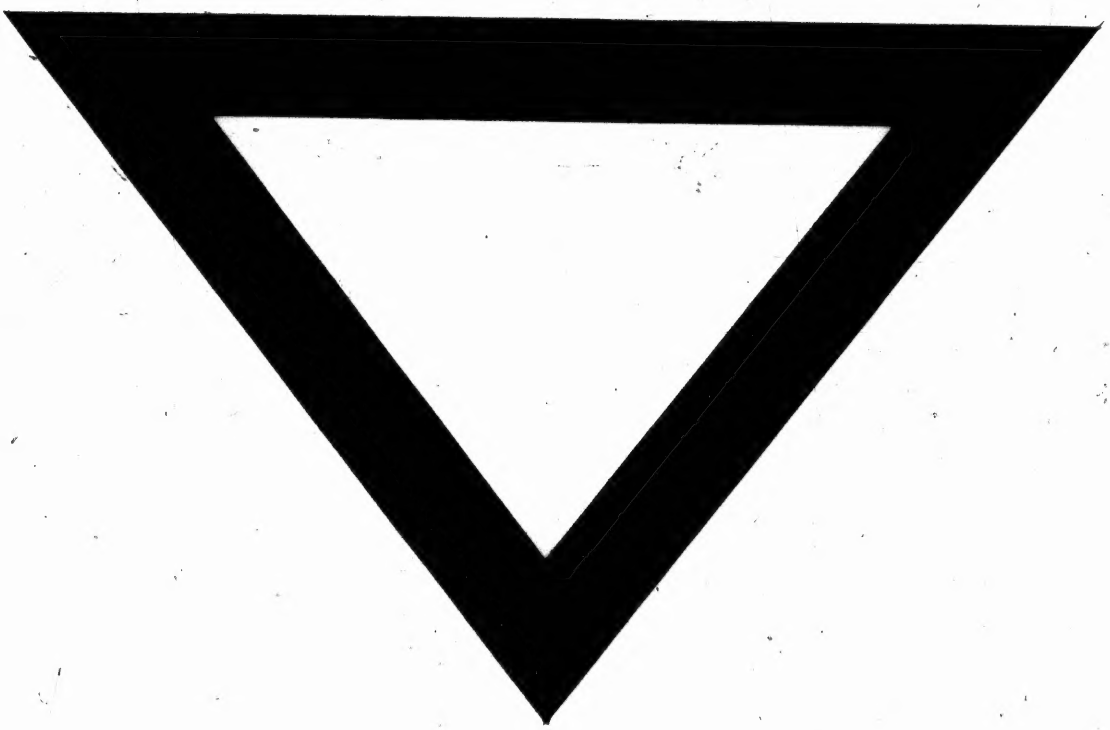
From the Pilot of 9th November, 1848.

THE MONTREAL BOARD OF TRADE.

(*From the Missisquoi News.*)

If anything was required to establish, beyond the shadow of a doubt, the proverbial selfishness of Montreal, the Report of the Board of Trade has supplied the deficiency. The merchants of Montreal may now be fairly regarded as the embodiment of a passion, potent in its influence, mean in its nature, and disastrous in its results. But we must except from this unenviable category the *bona fida* Free Traders. We have the right, however, to infer that the Board of Trade speaks the sentiments of the majority of the mercantile community of Montreal, and unless the project recently promulgated is protested against, the merchants of Montreal generally, must bear the odium it will excite throughout the country. This project we shall proceed briefly to set forth :—

First of all, they wish to repeal the existing duties on agricultural products, but as this subject has been pretty fully discussed, we shall forbear any remarks on it for the present. Secondly, the Board advises the Government to pass a law to *force* every trader in the Province to resort to Montreal and Quebec for supplies. Veiling their selfish design under cover of a patriotic desire to preserve to the St. Lawrence its trade, they call upon the Administration to remit one third of the duties payable on the various imports, when such importation shall have been made via the St. Lawrence. We shall endeavour to illustrate the working of this selfish scheme. A trader wishes to import tea, tobacco, cotton and other productions of the United States. If he conveys his purchases to the country by the most direct route, he may pay, say three pence per lb. on tea, while the same article brought round by Quebec will only pay two pence per lb. Now, as a country dealer does not purchase enough for a ship load, the practical operation of the plan proposed would be to force every country trader to purchase his goods in Montreal and Quebec. The plan, like most selfish and narrow-minded schemes, would defeat itself. We should smuggle rather than submit to an unjust tax, levied for the benefit of the merchants of Montreal, (they remind us of Shylock) we would smuggle—covertly if possible—openly and forcibly if necessary. The tea tax cost Great Britain the thirteen Colonies. Any administration that adopts the views of the Montreal Board of Trade is doomed. We do not apprehend, however, that any statesmen will ever be seduced into a policy so narrow and unjust; and have noticed the project, more to illustrate the contracted view among the Montreal merchants, than from desire to warn the administration of the "decoy duck" placed before them.

Our remarks may not be very palatable to those for whose especial benefit they are intended, but as they are meant for their good, and as we happen to be in an officious humour, we shall repeat them our good advice.

If our Montreal friends would cease to fritter away their energies on schemes utterly unattainable, and would concentrate their forces upon objects they can attain, there would be no lack of vessels in our noble river, nor any want of craft or produce for our magnificent Canals; remove the restrictions on the free navigation of the St. Lawrence, and the mighty products of the Great West would as inevitably seek our outlet to the ocean as water will find its level. Nature designed the St. Lawrence as the sewer of the West, and although short sighted legislation may dam the current for a period, in the end, nature will triumph over man, we can hasten natural consequences or we may retard them, but we cannot *stop* them.